

STATEMENT OF KELLER GEORGE
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CHAIRMAN OF THE ONEIDA INDIAN GAMING COMMISSION

Before the

SENATE COMMITTEE ON INDIAN AFFAIRS
JULY 25, 2001

Mr. Chairman, Mr. Vice-Chairman, and Members of the Committee, my name is Keller George. I am President of the United South and Eastern Tribes ("USET"), which is a confederation of twenty-four Indian nations ranging from Florida to Maine, South Carolina to Texas. In addition to being President of USET, I am an enrolled member of the Oneida Indian Nation in New York, where I serve as Special Assistant to the Nation Representative. I am also Chairman of the Oneida Indian Gaming Commission, the principal regulatory body that supervises gaming at Turning Stone Casino and Resort, an enterprise of the Oneida Indian Nation.

Thank you for this opportunity to appear before the Committee on Indian Affairs to present our view on a matter that is of vital importance to the members of USET.

Included among the members of USET are some of the largest gaming tribes in the United States, such as the Mashantucket Pequots, the Mohegan Tribe, the Oneida Indian Nation, the Mississippi Band of Choctaw, the Seminole Tribe and the Miccosoukee Tribe.

In fact, of the twenty-four Indian nations that comprise USET, 15 engage in Indian gaming pursuant to the Indian Gaming Regulatory Act of 1988 ("IGRA" or "the Act"). Nine tribes conduct Class III gaming pursuant to a tribal-state compact, and six tribes engage in Class II gaming.

Benefits of Indian Gaming

Congress enacted the IGRA "to promote tribal economic development, tribal self-sufficiency, and strong tribal government." The Act is doing just that. The former

Statement of Keller George
Senate Committee on Indian Affairs
July 25, 2001

Assistant Secretary of Indian Affairs recently called gaming “the only federal Indian economic initiative that ever worked.” He was absolutely correct. Indian gaming has served as a critical economic tool to enable Indian nations to once again be able to provide essential governmental services to their members, re-assert their sovereignty and promote the goals of self-determination and self-sufficiency.

Prior to the advent of Indian gaming, many Indian nations, while legally recognized as sovereign governments, were not able to provide basic, governmental services to their people. They had all of the legal attributes of sovereign nations, but many did not have the practical ability to be an effective government for their members. Consequently, despite a strong and proud tradition, Indian nations were caught in a two hundred year cycle of poverty.

At the Oneida Indian Nation, our children were facing a future consisting of food stamps, minimum-wage employment, and broken-down trailer homes. And our once expansive homelands in central New York were reduced over the years from 6 million acres to 32 acres.

In 1993, my Nation opened Turning Stone Casino. It was the first Indian owned and operated casino ever in New York. Because of Turning Stone, our once impoverished Oneida Nation is now the largest employer in Central New York. We employ approximately 3,000 people, of which 86 % are non-Native American.

The proceeds of our gaming operation go directly into providing essential governmental services to our members. The Nation has used these revenues to invest in dozens of Member programs, including an ambitious home ownership initiative, tuition assistance for everything from private schools to post-doctorate work, national health insurance for its Members and a local health clinic that serves all Native Americans in a six-county region.

We have paved roads, built affordable housing, constructed a cultural center, and created a children’s and elder’s complex that takes care of our most precious resources—our young ones and our seniors. In addition, we have a police force, a legal department, and a tribal court system.

Gaming has also allowed the Nation to take tremendous steps to reclaim the Oneida heritage. Oneida children are learning the language, ceremonies, dances and crafts that their grandparents and great-grandparents practiced. Equally important, this economic tool has allowed my Nation to once again reclaim a sense of pride—a benefit that is impossible to quantify.

Reclaiming a past heritage has been a priority for all USET members, and gaming proceeds have enabled some tribes to make tremendous gains in this area. A great example is in Connecticut, where the Mashantucket Pequots have used their gaming

Statement of Keller George
Senate Committee on Indian Affairs
July 25, 2001

revenues to create a state-of-the-art, tribally owned-and-operated museum, which serves as a major resource on the history of the tribe. The 308,000-square-foot complex now serves as a major resource for scholars and the general public on American and Canadian Native histories and cultures.

Perhaps most important, gaming has allowed many Indian nations to get closer to the goals of self-sufficiency and self-determination. For example, since 1998, the Oneida Nation has turned back nearly \$5 million in federal tribal priority allocation money, funding we are entitled to from the U.S. Department of the Interior and the Bureau of Indian Affairs. Most of this money, at the Oneida Nation's request, has been reallocated to other needy tribes in New York State and throughout the eastern United States.

At the Oneida Indian Nation, our centuries' old goal of once again becoming self-sufficient is becoming a reality for this generation of Oneida people.

Benefits of Indian Gaming on Local Economies

The benefits that tribes are experiencing from gaming do not occur in a vacuum. Tribal gaming businesses have direct and indirect positive impacts on surrounding economies and public treasuries. Direct impacts come from the creation of additional jobs and spending. Indirect impacts are felt as the money from the tribal gaming operations is spent on payroll and goods and services.

At the Oneida Nation, Turning Stone Casino and Resort last year saw more than 3.5 million visitors. Total payroll grew to over \$63 million and payments to vendors exceeded \$123 million. In addition, capital expenditures equaled almost \$20 million.

To quantify the impact that the Oneida Nation has had on the Central New York economy, we commissioned a study by the research firm, Zogby International, which I am submitting to the Committee for the record. The Zogby study concluded that for every job created by the Nation, another four-tenths of a job is created elsewhere in the economy. This "multiplier effect" results in a total of 4,049 jobs in Central New York—nearly 3,000 created directly by the Oneida Nation and an additional 1,192 created indirectly as Nation employees spend their paychecks on local goods and services.

Tribal gaming operations also benefit other governments' treasuries. For example, roughly 90 percent of the Oneida Nation's employees are non-Native. This workforce paid more than \$9.5 million in federal and state income taxes in Fiscal Year 2000—an increase by the way of \$2 million over Fiscal Year 1997. When the multiplier effect is included, the Zogby study estimates that the Nation generated more than \$29 million in all federal payroll taxes. Nation employees also paid an estimated \$15.5 million to New York State in the form of income taxes and a host of other taxes and fees. And local governments received approximately \$2.4 million in tax revenues from Nation employees. When you include the multiplier effect, Zogby concluded that local

Statement of Keller George
Senate Committee on Indian Affairs
July 25, 2001

treasuries received approximately \$4.2 million in tax revenues from jobs created by Nation enterprises.

These increased revenues have had a direct benefit on the local governments' bond ratings, which have helped our neighbors save money. Oneida County's municipal bond rating has been raised three times since the opening of Turning Stone Casino and Resort. In awarding a higher bond rating, Moody's Municipal Credit Report cited the "growing area of employment" within the Nation as a future source of economic strength. These improved ratings have substantially reduced interest rates for the counties. According to the Zogby study, the higher quality rating saved Oneida County taxpayers more than \$3.1 million in total borrowing costs for long-term bonds and short-term loans.

I am also submitting for the record an economic study on the economic impact of the Mississippi Band of Choctaw Indians, which was prepared by the University of Southern Mississippi. This study found that the Mississippi Band of Choctaw Indians is a major economic force in the State of Mississippi. The Choctaw, through their gaming and other enterprises, employ over 5,800 people, which puts them among the 10 largest employers in the state.

The Mississippi Band of Choctaw pays over \$97 million a year in wages to their employees. Of these employees, 2,243 are Indian and 3,579 are non-Indian. The study concluded that the employees of the Mississippi Band of Choctaw pay approximately \$2.3 million in state income tax. In addition, the Choctaw's enterprises generate purchase over \$95 million a year in goods and services throughout 66 counties in Mississippi. I am submitting a copy of this study for the record.

In addition, as part of our efforts to be good neighbors, the Oneida Nation has made a number of special gifts to the local region. We recently spent \$7 million to build a much-needed water line for the town of Verona. Once the project was completed, we donated this line to the town. We donated \$350,000 to build a new town hall for Verona. And, since 1996, we have donated nearly \$2 million to seven local school districts as part of our Silver Covenant Chain grants.

USET strongly believes that Indian gaming can be not only an economic tool for our member tribes, but it can also be an economic catalyst for our surrounding neighbors in terms of additional jobs, new businesses, and increased tax dollars for local treasuries. In other words, Indian gaming can be a win-win situation for both the Indian nation and its neighbors.

As the Members of this Committee are aware, some have asserted, without substantiation, that Indian gaming is under-regulated, unsupervised, and ripe for infiltration by criminal elements. As someone who has been President of USET for 7 years, and as Chairman of the Oneida Gaming Commission since 1993, I think that I have some expertise in Indian gaming matters. In my experience, I can tell the Committee that

Statement of Keller George
Senate Committee on Indian Affairs
July 25, 2001

these allegations are unfounded and untrue, and I find them personally offensive. Contrary to these assertions, Indian gaming is more comprehensively regulated than any other gaming in the United States.

The regulation of Indian gaming is expressly provided for in IGRA, which starts from the premise that “Indian tribes have the exclusive right to regulate gaming activity on Indian lands, if ... [it] is conducted in a state which does not, as a matter of criminal law and public policy, prohibit such gaming activity.” In recognition of this exclusive right, Congress sought to create a regulatory framework that Indian nations could use for their gaming enterprises. This was accomplished by establishing a compacting mechanism that gives state governments significant input regarding the scope and nature of tribal casino operations, and by creating a new regulatory agency, the National Indian Gaming Commission (“NIGC”).

It is through the compact negotiation process that state governments are given a meaningful voice in the manner in which gaming will be conducted in Indian country. Virtually all gaming compacts are detailed and specific, setting forth rules governing games to be played, the application of various laws, operational standards to be followed, fees and reimbursements to be paid, and the respective roles of state and tribal authorities. For example, the Oneida Nation’s compact with the State of New York is nearly 300 pages long and covers almost every aspect of our gaming operations. The compacting process has been immensely successful in ensuring the integrity of Indian gaming while preserving the inherent sovereign rights of Indian nations to regulate their own legal and commercial affairs.

The Oneida Nation’s compact serves as the foundation for a complex—and expensive—regulatory structure that monitors all aspects of the Oneida Nation’s gaming operations. Pursuant to its compact with the State, the Nation has established the Oneida Nation Gaming Commission. Most of the Commission’s employees are professional investigators and auditors with extensive experience in the field of gaming regulation. Our commission has promulgated an extensive body of regulation and utilizes its auditors and investigators to ensure compliance. In addition, no one can obtain employment at the Nation’s casino unless he or she is first licensed by our Commission. And finally, the Commission retains multiple professionals who periodically audit our casino games and accounting practices and thoroughly investigate any and all patron complaints.

The Oneida Nation Gaming Commission shares regulatory oversight of its casino with the State of New York. Pursuant to our Nation-State compact, the New York State Police conduct background checks on every individual—from a custodian to the chief operating officer—who works at the casino. In addition, the New York State Racing and Wagering Board maintains a full-time staff of regulators at our casino, who work cooperatively with our Gaming Commission. One product of that cooperative effort is a detailed compilation of internal controls that govern every aspect of casino operations. Those controls are among the most complex and sophisticated in the gaming industry.

Statement of Keller George
Senate Committee on Indian Affairs
July 25, 2001

All costs associated with the work of the State Police and the New York Racing and Wagering Board at our casino are borne exclusively by the Oneida Nation. When combined with the cost of financing the operations of the Oneida Nation Gaming Commission, the Nation spends approximately \$8.8 million every year to regulate and protect its gaming operation. This cost enables the Nation to pay for the 206 employees that are engaged in regulating gaming operations at Turning Stone Casino and Resort.

To the best of my knowledge, no state official has suggested that the regulation of Indian gaming is inadequate or that there is rampant corruption on Indian reservations that requires federal or state intervention. IGRA contemplates a scheme of joint regulatory jurisdiction, shared equally by state and tribal governments—a structure that has worked effectively to safeguard the integrity of Indian gaming.

Further, in past testimony, the United States Department of Justice has testified before this Committee that it has found no instances of infiltration by organized crime at Indian gaming facilities. To the contrary, Indian gaming operations work cooperatively with the U.S. Department of Justice and the U.S. Department of Treasury to ensure that cash transactions are properly monitored and reported to the responsible authorities. In fact, at Turning Stone, we have worked closely with the IRS District office in New York, on a government-to-government basis to ensure that the Nation's cash transactions are conducted in a secure and lawful manner.

Our opponents compare the budget of the National Indian Gaming Commission, which is \$8 million a year, to the budgets of the New Jersey and Nevada gaming commissions, which near approximately \$80 million a year, as a way of insinuating that not enough money is spent to regulate tribal gaming. I hope I have shown that this analogy does not make any sense. In fact, in the eastern area, more money *per capita* is spent on Indian gaming operations than on their non-governmental gaming counterparts. I suspect that this fact is true nationwide.

When Congress established the NIGC, it envisioned a limited role in Indian gaming for this federal agency. Congress contemplated that the NIGC would have an initial role in regulating Class II gaming, such as bingo, pull-tabs, and certain electronic games. Eventually, however, the NIGC's role with respect to Class II gaming would be phased out. As to Class III gaming, casino gaming, the IGRA provides that the Indian nations and states were expected to resolve all regulatory issues without direct NIGC participation. Thus, it is clear that Congress never intended the NIGC to perform a regulatory function similar to the one assigned to the Nevada State Gambling Commission. This function was to be carried out by the tribes and the states. Consequently, no purpose can be served by comparing two agencies other than to perpetuate the myth that Indian gaming is unregulated.

Statement of Keller George
Senate Committee on Indian Affairs
July 25, 2001

Need to Address the Seminole Decision

Some tribes in the eastern area have been able to use Indian gaming to rejuvenate their economies. Others have not yet been able to establish meaningful gaming operations. And some have been hampered by governors who refuse to negotiate with Indian tribes. For example, in Alabama, the Poarch Band of Creek Indians has been trying unsuccessfully to negotiate with the last four governors of that state for a Class III compact.

As you know, IGRA provides that if a tribe wishes to negotiate a compact with a state, and if gaming is not criminally prohibited in that state, the governor shall negotiate the terms of a gaming compact with the tribe. Unfortunately, the 1996 Supreme Court decision in *Seminole Tribe of Florida v. State of Florida* has left tribes without recourse if a state refuses to negotiate with a tribe, contrary to the provisions of IGRA. Consequently, I urge this Committee to address this inequity and put Indian tribes back on a level playing field with their state government counterparts.

Conclusion

In parting, I would like to remind this Committee that Indian gaming must always be placed in its proper context within Indian country. As the Committee knows well, although some Indian casinos have succeeded in helping tribal governments fulfill their goals of self-sufficiency and self-determination, that success is not enough to remedy the monumental problems caused by two centuries of poverty.

According to the U.S. Census Bureau, American Indians are still nearly two and half times as likely to be living below the poverty line as the rest of the U.S. population. Infant mortality rates, alcoholism and diabetes are proportionately higher among Native Americans than other groups. And unemployment on Indian reservations is four times the national average. Further, in the midst of these circumstances, federal spending on Indian education programs and Indian housing has been declining for the past twenty years. And some in Congress are seeking to further reduce opportunities for Indian tribes to improve their health care and expand opportunities for economic development.

Indian nations are attempting to address these problems on their own through commercial enterprises, such as gaming. And while tribal gaming is not perfect, Indian nations should be allowed to address any deficiencies internally just as other governments are allowed to regulate their own affairs. Indian nations are not asking for subsidies or special treatment; they simply wish to be allowed to exercise their sovereign right to control their economies, manage their lands, and provide for their people.

Thank you once again for the opportunity to participate in this important hearing, and I would be glad to answer any questions from the Committee.